



Paper & Packaging Giant Cuts Sales Costs 12% by Tweaking Prices with Analytics

DESCRIPTION:	Fortune 500 Global Paper & Packaging Company
REVENUE:	\$18.25 Billion
KEY BUSINESS CHALLENGE:	Cut sales costs without impacting performance

This customer success story is about one of the world's leading Paper and Packaging companies. Their name has been redacted, per their request, to protect the market advantage they enjoy by using pricing analytics.

The Challenge

This global Fortune 500 company is revered because of their strong brand, long track record of innovation, and expanding global footprint. They lead the pack, but the cost of acquiring and serving their customers was growing at two times the rate of pricing in the market.

The CFO had to find a way to cut sales costs to maintain (and ideally improve) margins. Several typical cost-cutting initiatives were already underway to drive manufacturing-plant efficiencies and streamline back-office operations, but they weren't going to be enough.

A colleague with extensive pricing experience suggested that, theoretically, they could take a big bite out of costs and boost revenue if they optimized their pricing. The CFO guessed that their pricing was all over the map. Sales had a lot of autonomy, there were more go-to-market channels every day, and priorities kept switching from profit margin to volume and back again.

What Didn't Work

The CFO tried off-the-shelf pricing software from a well-known brand, but it was never truly adopted because users just didn't trust the math behind the price recommendations. What's more, the software didn't fit their sales process.

So they tried top-tier management consultants and considered taking on the project internally, but the data was too messy and the scale of the business too large for either approach to get off the ground.

The Winning Solution

The CFO heard about Revenue Analytics from a new hire in the Finance department. He took Revenue Analytics up on their offer of a free analysis. When Revenue Analytics ran the company's data through their pricing algorithms, it showed that Revenue Analytics could give the CFO the big cost-shrinking efficiencies he wanted. He just needed a pricing framework that was more logical and structured.

The company hired Revenue Analytics to build a pricing framework. Revenue Analytics systematically analyzed millions of transactions across more than 3,000 products and 50,000 customers and created a statistically driven customer segmentation to guide every price on every deal. The solution cut way down on price exceptions, time to quote, and sales rep administrative tasks.

Bottom line: The CFO cut sales costs 12%

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